



Billing Code: 4210-67

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5997-N-60]

30-Day Notice of Proposed Information Collection: Quality Control Requirements for Direct Endorsement Lenders

AGENCY: Office of the Chief Information Officer, HUD.

ACTION: Notice.

SUMMARY: HUD submitted the proposed information collection requirement described below to the Office of Management and Budget (OMB) for review, in accordance with the Paperwork Reduction Act. The purpose of this notice is to allow for 30 days of public comment.

DATES: Comments Due Date: **[Insert date that is 30 days after the date of publication in the Federal Register.]**

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Comments should refer to the proposal by name and/or OMB Control Number and should be sent to: HUD Desk Officer, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; fax:202-395-5806, Email: OIRA.Submission@omb.eop.gov

FOR FURTHER INFORMATION CONTACT: Colette Pollard, Reports Management Officer, QMAC, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410; e-mail Colette.Pollard@hud.gov, or telephone 202-402-3400. This is not a toll-free number. Person with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

Copies of available documents submitted to OMB may be obtained from Ms. Pollard.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in section A.

The **Federal Register** notice that solicited public comment on the information collection for a period of 60 days was published on July 14, 2017 at FR 32572.

A. Overview of Information Collection

Title of Information Collection: Quality Control Requirements for Direct Endorsement Lenders.

OMB Approval Number: 2502-0600.

Type of Request: Extension of a currently approved collection.

Form Number: None.

Description of the need for the information and proposed use: Under 24 CFR 202.8(3), Direct Endorsement (DE) lenders which sponsor third-party originators (TPOs) are responsible to the Secretary for the actions of TPOs or mortgagees in originating loans or mortgages, unless applicable law or regulation requires specific knowledge on the part of the party to be held responsible. As a result, DE lenders are responsible for conducting quality control on TPO originations of FHA-insured mortgage loans, and ensuring that their quality control plans contain appropriate oversight provisions. This creates an information collection burden on DE lenders, since these institutions must conduct quality control on all loans they originate and underwrite.

In addition, under 24 CFR 203.255(c) and (e), HUD conducts both pre- and post-endorsement reviews of loans submitted for FHA insurance by DE lenders. As part of those reviews, the Secretary is authorized to determine if there is any information

indicating that any certification or required document is false, misleading, or constitutes fraud or misrepresentation on the part of any party, or that the mortgage fails to meet a statutory or regulatory requirement. In order to assist the Secretary with this directive, FHA requires that lenders self-report all findings of fraud and material misrepresentation, as well any material findings concerning the origination, underwriting, or servicing of the loan that the lender is unable to mitigate or otherwise resolve. The obligation to self-report these findings creates an additional information collection burden on DE lenders.

In accordance with the requirements of 5 CFR 1320.8(d), a Notice soliciting comments on this collection of information was initially published in the Federal Register on December 21, 2010 (Volume 75, Number 244, page 80066). At that time, FHA still allowed for loan correspondents to participate in its programs and had not yet transitioned to the use of TPOs. Therefore, FHA estimated information collection burdens based on the expected use of TPOs by DE lenders. Three years later, FHA has revised these estimates with real data, which has substantially reduced the information collection burden associated with OMB Control Number 2502-0600.

Respondents (i.e. affected public): Business or other for-profit.

Estimated Number of Respondents: 1,831.

Estimated Number of Responses: 135,682.

Frequency of Response: Annually.

Average Hours per Response: .52.

Total Estimated Burdens: 71,017.

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in section A on the following:

- (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- (2) The accuracy of the agency's estimate of the burden of the proposed collection of information;
- (3) Ways to enhance the quality, utility, and clarity of the information to be collected; and
- (4) Ways to minimize the burden of the collection of information on those who are to respond: including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions.

C. Authority: Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35.

Dated: September 20, 2017.

Colette Pollard,

Department Reports Management Officer,

Office of the Chief Information Officer.

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